

**A COMPLIANCE GUIDE TO SECTION 3 OF THE
HOUSING AND URBAN DEVELOPMENT ACT**

**Economic Opportunities for Low and Very Low Income
Persons**

Revised 03/04

SECTION 3 COMPLIANCE GUIDE

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HOUSING AND URBAN DEVELOPMENT ACT

SECTION 3 COMPLIANCE GUIDE

I. Purpose:

The County of San Diego Department of Housing and Community Development administers funds from federally funded programs for housing and community development activities. Recipients and subrecipients of these funds must ensure that all federal requirements are followed. The purpose of this manual is to provide a guide of "Section 3" requirements. The manual provides a description of the requirements and a copy of the forms that must be completed for compliance.

II. Background:

Section 3 of the Housing and Urban Development Act of 1968 recognizes that job training, employment and contract opportunities are generated by U.S. Department of Housing and Urban Development (HUD) programs designed to aid housing, urban planning and community development. Section 3 is a mandate to target these economic opportunities flowing from the HUD assisted projects to lower income residents and businesses in those jurisdictions and areas where HUD is "investing" public resources. This law requires that the Department take affirmative steps to meet this objective. Through HUD regulations, participants in HUD's assistance programs--recipients and contractors--are required to make good faith efforts to provide "to the greatest extent feasible" opportunities to Section 3 area residents and Section 3 business concerns.

III. Definitions:

A. Section 3 Resident:

Public housing resident or resident of San Diego County (preferably, but not necessarily, of the immediate or extended area served by the HUD funded project) who qualifies as a low-income person. HUD defines a low-income person as one whose household income does not exceed 80% of the median income for the region, with adjustments for family size. See accompanying Table (page 12) for income limits set by HUD for the San Diego region.

B. Section 3 Business Concern:

A business concern-

1. That is 51 percent or more owned by Section 3 residents; or
2. Whose permanent full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or who are within 3 years of the date of first employment with the business were Section 3 residents; or
3. That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to businesses that meet qualifications set forth in conditions (1) or (2) of this paragraph.

C. New Hire:

A full-time employee for a new permanent, temporary or seasonal position that is generated from the expenditure of HUD funds covered by the Section 3 regulations.

IV. Applicability:

Community development or housing assistance covered by Section 3 includes HOME Investment Partnership (HOME), Community Development Block Grant (CDBG), Supportive Housing Program (SHP), Emergency Shelter Grant (ESG), or HOPWA funds issued by the County of San Diego Department of Housing and Community Development for use in housing rehabilitation (including the reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement); housing construction; and other public construction projects.

V. Thresholds:

Section 3 requirements only apply when any of the following thresholds are reached:

A. Sub-recipient threshold:

A sub-recipient that receives community development or housing assistance covered by Section 3 for which the amount of assistance exceeds \$100,000.

B. Contractor and subcontractor thresholds:

Section 3 requirements apply to contractors and subcontractors performing work on the Section 3-covered project(s) for which the total amount of the assistance exceeds \$100,000; and the contract or subcontract exceeds \$100,000.

Professional service contracts (for instance, Architecture) are covered under Section 3 provided that the work to be performed by the professional is for work generated by the expenditure of Section 3 covered assistance or for work arising in connection with a Section 3 project (e.g. housing rehabilitation, housing construction, or other public construction project.).

Section 3 covered contracts do not include contracts issued for the purchase of materials, supplies, or equipment, unless installation "work" is involved.

C. Threshold met for sub-recipients, but not contractors or subcontractors:

If a sub-recipient receives Section 3 covered housing or community development assistance in excess of \$100,000, but no contract exceeds \$100,000, the Section 3 preference requirements only apply to the sub-recipient (see responsibilities).

VI. Numerical Goals:

Federal regulations, effective June 30, 1994, set numerical goals for Jurisdictions for the hiring/training of Section 3 residents and contracting with Section 3 business concerns on HUD-assisted projects. Good Faith Efforts by contractors and sub-contractors will aid Jurisdictions to meet their goals.

A. Training and Employment:

Goals are based on the percentage of new-hires. A new-hire means a full-time employee for permanent, temporary or seasonal employment opportunities.

1. Housing assistance: Employ Section 3 residents as 10 percent of the aggregate number of new hires for each year over the duration of the Section 3 project.
2. Community development assistance: Employ Section 3 residents as 30 percent of the aggregate number of new hires for each year over the duration of the Section 3 project.

B. Contracts:

Each contractor and subcontractor that meets the threshold requirement may demonstrate compliance with the requirements of Section 3 by committing to award Section 3 Businesses:

1. At least 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public housing or building trades work arising in connection with housing rehabilitation, housing construction and other public construction.
2. At least 3 percent of the total dollar amount of all other Section 3 covered contracts.

VII. Compliance time period is July 1- June 30 of the following year:

For those projects that have received a release of funds from HUD, Section 3 information that reflects hiring and contracting in the above reporting period should be submitted to the County Department of Housing and Community Development by July 15 of each year. Supplemental information should be submitted during the next reporting period.

VIII. Responsibilities:

A. Sub-recipient

1. A Sub-recipient that receives community development or housing assistance covered by Section 3 has the responsibility to comply with Section 3 in its own operations. This responsibility includes:
 - a) Notifying Section 3 residents and businesses about jobs and contracts generated by Section 3 covered assistance so that residents may seek jobs and businesses may submit bids/proposals for available contracts;
 - b) Notifying potential contractors of the objectives of Section 3 and ways in which each contractor can assist the sub-recipient to meet its goal;
 - c) Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns; and
 - d) Documenting the action that the sub-recipient takes to comply with the Section 3 requirements, the results of the actions, and impediments, if any.
2. Sub-recipients have a responsibility to "ensure compliance" of their contractors and subcontractors. This means that a sub-recipient must:
 - a) Notify contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in contract documents.

- b) Refrain from contracting with contractors as to whom they have received notice or have knowledge that the contractors have been found in violation of the regulations in 24 CFR Part 135.
- c) Respond to complaints made to the recipient by Section 3 residents or business concerns that the sub-recipient, a contractor or subcontractor, is not in compliance with 24 CFR Part 135.
- d) Cooperate with HUD in obtaining the compliance of contractors and subcontractors when allegations are made that the sub-recipient's contractors and subcontractors are not in compliance with the regulation of 24 CFR Part 135.

B. Contractor

- 1. Notify sub-contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in sub-contract documents.
- 2. Refrain from contracting with sub-contractors as to whom they have received notice or have knowledge that the sub-contractors have been found in violation of the regulations in 24 CFR Part 135.
- 3. Maintain records that document a good faith effort to utilize Section 3 area residents as trainees and employees. (Required of both contractor and sub-contractor.)

IX. Examples of Actions Demonstrating a Good Faith Effort:

A. Targeted recruitment of Section 3 area residents for training and employment positions by taking such steps as:

- Advertising in local media,
- Prominently placing a notice of commitments under Section 3 at the project site or other places where applications for training and employment are taken,
- Contacting local job training centers, employment service agencies and community organizations,
- Developing on-the-job training opportunities or participating in job training programs,
- Contacting assisted housing resident councils and resident management corporations;

B. Keeping a list of Section 3 area residents who apply on their own or by referral for available positions;

C. Sending to labor organizations or representatives of workers with whom the recipient, contractor or subcontractor has a collective bargaining agreement or understanding, a notice about contractual commitments under Section 3; and

D. Selection of Section 3 area residents for training and employment positions.

X. Recipient Records and Reports:

Examples of records to be maintained are:

- Copies of advertisements for training and employment;

- Lists of Section 3 residents who applied or otherwise expressed an interest in training positions or employment;
- Copies of solicitations or requests for proposals;
- Documentation of pre-construction conferences;
- Records of bid evaluations and selections
- Correspondence or other documentation related to Section 3 grievances;
- Photographic evidence of displayed signs;
- Copies of letters to community organizations;
- Copies of notifications of awards to grantees and contractors
- Copies of business affirmative action plans including records of solicitation mailing lists, direct solicitation of bids or proposals; and
- Evidence of affirmative steps to include Section 3 business concerns; such as, dividing total work requirements into smaller sub-tasks, joint ventures between a large business and a Section 3 business concern, and limiting competition to Section 3 business concerns pursuant to HUD regulations at 24 CFR Part 963.

FORMS

Procedure for completing forms

A. Contractor:

The following forms are completed when the contract exceeds \$100,000:

- Estimated Work Force Breakdown- (**SECTION 3 FORM A**) this form is completed at the beginning of the project
- Actual Work Force Breakdown- (**SECTION 3 FORM B**) completed at the end of the project, and/or at the end of the reporting period.
- Certification of Section 3 Business Concern- (**SECTION 3 FORM C**) Completed if contractor is a Section 3 Business.
- Income Certification for Section 3 Resident- (**SECTION 3 FORM D**) Completed by Section 3 employees.

A. Subrecipient:

- Section 3 Contractor Summary Report (**SECTION 3 FORM E**) is a summary of all contracts issued for the project whether or not the individual contract exceeds \$100,000.
- Section 3 Project Summary Report (**SECTION 3 FORM F**) is completed using information from the Contractor's completed forms when the project award from the Department of Housing and Community Development exceeds \$100,000.

**SAN DIEGO COUNTY
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

3989 Ruffin Road
San Diego, Ca 92123-1890

SECTION 3: ESTIMATED WORK FORCE BREAKDOWN

To be completed by contractors during the bidding process.

1. Contractor Name and Address:		2. County HCD Contract No.	3. Dollar Amount of Contract
		4. Contact Person:	5. Phone: (include area code)
		6. Reporting Period:	7. Date Report Submitted:
	9. Project Name		10. HUD No.:
11. Person Completing Form: (if different from 4 above)			12. Phone: (if different from 5 above)

Employment and Training				
Job Category	Total Estimated Positions Needed for Project	No. of Positions Occupied by Permanent Employees	Number of Positions not Occupied	Number of Positions to be filled with Section 3 Residents*
Professionals				
Technicians				
Office/Clerical				
Construction by Trade (List).				
Trade				
Trade				
Trade				
Trade				
Trade				
Other (List)				

****Section 3 Resident:*** Public housing resident or resident of San Diego County (preferably, but not necessarily, of the immediate or extended area served by the HUD funded project) who qualifies as a low-income person. HUD defines a low-income person as one whose household income does not exceed 80% of the median income for the region, with adjustments for family size.

SECTION 3 FORM B

SAN DIEGO COUNTY DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

3989 Ruffin Road
San Diego, Ca 92123-1890

SECTION 3: ACTUAL WORK FORCE BREAKDOWN

To be completed by contractors at the completion of the reporting period (July 1- June 30), or at the completion of the work, whichever comes first.

1. Contractor Name and Address:		2. County HCD Contract No.	3. Dollar Amount of Contract
		4. Contact Person:	5. Phone: (include area code)
		6. Reporting Period:	7. Date Report Submitted:
8. Program Code*	9. Project Name:		10. HUD No.
11. Person Completing Form: (if different from 4 above)			12. Phone: (if different from 5. above)

Part I: Employment and Training (** Include New Hires in columns E & F)

A Job Category	B Number of New Hires	C Number of New Hires that are Sec. 3 Residents	D % of Aggregate Number of Staff Hours of new Hires that are Sec. 3 Residents	E** % of Total Staff Hours for Section 3 Employees and Trainees	F Number of Section 3 Employees and Trainees
Professionals					
Technicians					
Office/Clerical					
Construction by Trade (List)					
Trade:					
Trade:					
Trade:					
Trade:					
Trade:					
Other (List)					
Total:					

*
 Program Codes
 1 = Flexible Subsidy
 2 = Section 202/811
 3 = Public/ Indian Housing
 A = Development
 B = Operation
 C = Modernization
 4 = Homeless Assistance
 5 = HOME
 6 = HOME - State Administered
 7 = CDBG- Entitlement
 8 = CDBG- State Administered
 9 = Other CD Programs
 10 = Other Housing Program

*Section 3 Actual Workforce Breakdown Continued:***Part II: Contracts Awarded**

1. Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$
B. Is the Business a Section 3 Business? Yes/No	____ Yes ____ No

2. Non-Construction Contracts:

A. Total dollar amount of all non-construction contracts awarded on the project	\$
C. Is the Business a Section 3 Business? Yes/No	____ Yes ____ No

Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

_____ Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with the community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the Section 3 covered program or project is located, or similar methods.

_____ Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

_____ Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

_____ Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.

_____ Other; describe below.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u., mandates that the Department ensure that employment and other economic opportunities generated by its housing and community development assistance program are directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. The regulations are found in 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as a self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Section 3 Actual Workforce Breakdown Continued:

Instructions: This form is to be used to report annual accomplishments regarding employment and other economic opportunities provided to low- and very low-income persons under Section 3 of the Housing and Urban Development Act of 1968. The Section 3 regulations apply to any **public and Indian Housing programs** that receive: (1) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937 and to **recipients of housing and community development assistance in excess of \$200,000** expended for: (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (2) housing construction; or (3) other public construction projects; and to **contracts and subcontracts in excess of \$100,000** awarded in connection with the Section-3-covered activity.

The form has three parts which are to be completed for all programs covered by Section 3. Part I relates to **employment and training**. The contractor/recipient has the option to determine numerical employment/training goals either on the basis of the number of hours worked by new hires (columns B, D, E and F) or the number of new hires utilized on the Section 3 covered project (columns B, C and F). Part II of the form relates to **contracting**, and Part III summarizes recipients' efforts to comply with Section 3.

Recipients or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low- and very low-income persons.* **The report must include accomplishments of all recipients and their Section 3 covered contractors and subcontractors.**

1. Project Subrecipient: Enter the name and address of the project subrecipient submitting this report.
2. County HCD Contract No.: Enter the number that appears on the award. The number may be a contract number or a work authorization number if another County Department.
3. Dollar Amount of Award: Enter the dollar amount, rounded to the nearest dollar, received by the subrecipient.
- 4 & 5. Contact Person/Phone: Enter the name and telephone number of the person with knowledge of the award and the subrecipient's implementation of Section 3.
6. Reporting Period: Indicate the time period (months and year) this report covers.
7. Date Report Submitted: Enter the appropriate date.
8. Program Code: Enter the appropriate program code as listed at the bottom of the page.
9. Project Name: Enter the name of County SD HCD Project.
10. HUD No.: Enter the HUD number assigned to the Project.
11. & 12. Person Completing Form: Enter the name and telephone number of the person completing the form if different from 4. & 5. above.

Part I: Employment and Training Opportunities

Column A: Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e., supervisors, architects, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of "Other" includes occupations such as service workers.

Column B: Enter the number of new hires for each category of workers identified in **Column A** in connection with this award. New Hire refers to a person who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3-covered award or at the time of receipt of Section 3 covered assistance.

Column C: Enter the number of Section 3 new hires for each category of workers identified in **Column A** in connection with this award. Section 3 new hire refers to a Section 3 resident who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3-covered award or at the time of receipt of Section 3 covered assistance.

Column D: Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this award.

Column E: Enter the percentage of the total staff hours worked for Section 3 employees and trainees (including new hires) connected with this award. Include staff hours for part-time and full-time positions.

Column F: Enter the number of Section 3 residents that were employed and trained in connection with this award.

Part II: Contract Opportunities**Block 1: Construction Contracts**

Item A: Enter the total dollar amount of all contacts awarded on the project/program.

Item B: Is the Business a Section 3 Business? Yes/ No.

Block 2: Non-Construction Contracts

Item A: Enter the total dollar amount of all contacts awarded on the project/program.

Item B: Is the Business a Section 3 Business? Yes/ No.

Part III: Summary of Efforts - Self-explanatory

The terms "low-income persons" and "very low-income persons" have the same meanings given the terms in Section 3(b)(2) of the United States Housing Act of 1937. **Low-income persons** mean families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings such that variations are necessary because of prevailing levels of construction costs or unusually high- or low-income families. **Very low-income persons** mean low-income families (including single persons) whose incomes do not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

SAN DIEGO COUNTY
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SECTION 3: CERTIFICATION OF SECTION 3 BUSINESS CONCERN

To be completed by Contractor if claiming to be a Section 3 Business on FORM B PART II

1. Contractor Name and Address:	2. County HCD Contract No.	3. Dollar Amount of Contract
	4. Contact Person:	5. Phone: (include area code)
	6. Reporting Period:	7. Date Report Submitted:
	9. Project Name:	10. HUD No.
Person Completing Form:		

IS THE BUSINESS A SECTION 3 BUSINESS? _____ YES _____ NO

Type of Business _____ Corporation _____ Partnership
 _____ Sole Proprietorship _____ Joint Venture

I certify that the above named Business is a Section 3 Business and meets the requirements specified in Section 3 of the Housing and Urban Development Act of 1968.

 Signature

 Title

Qualifying Basis:

1. _____ 51 percent owned by Section 3 low-income residents, or
2. ___ Permanent, full-time employees include at least 30 percent Section 3 low-income residents or,
3. ___ Written commitment to subcontract more than 25 percent of dollar award from San Diego County to business concerns who meet above number 1 or 2 Section 3 qualifications.

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SECTION 3: INCOME CERTIFICATION FOR SECTION 3 RESIDENTS

To be completed by Section 3 employees

1. Contractor Name and Address:		2. County HCD Contract No.	3. Dollar Amount of Contract
		4. Contact Person:	5. Phone: (include area code)
		6. Reporting Period:	7. Date Report Submitted:
9. Project Name:		10. HUD No.:	
Person Completing Form:			

Your cooperation in filling out this form is requested in order to determine whether you qualify as a Section 3 employee or owner of a Section 3-business concern. The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that employment and economic opportunities generated by HUD financial assistance is directed, wherever feasible, to lower income persons.

1. What is the total number of persons in your household? _____

2. What is the total combined annual income of all members of your household? (Please check one of the lines below.)

- ☐ Below \$38,350
☐ \$38,351 to \$43,850
☐ \$43,851 to \$49,300
☐ \$49,301 to \$54,800
☐ \$54,801 to \$59,200
☐ \$59,201 to \$63,550
☐ \$63,551 to \$67,950
☐ \$67,951 to \$72,350
☐ Over \$72,351

3. Please circle the appropriate job category

Job Category

- 1=** Business Owner/Professional
2= Technicians
3= Office/Clerical
4= Construction (List by trade)

(If construction, specify trade)

Name: _____
(Print)

Address of Household: _____

Telephone Number: _____

Signature: _____

The information provided on this form may be subjected to verification by responsible local and federal agencies. Please be aware that there is a penalty for falsifying information provided here.

HUD REGIONAL FAMILY MEDIAN INCOME LIMITS FOR SAN DIEGO COUNTY								
Effective for Calendar Year 2004								
The following are lower income limits adjusted for family size.								
INCOME	FAMILY SIZE							
	1	2	3	4	5	6	7	8
Lower Income (80% of MFI)	\$38,350	\$43,850	\$49,300	\$54,800	\$59,200	\$63,550	\$67,950	\$72,350

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SECTION 3: CONTRACTOR SUMMARY REPORT

To be completed by the Subrecipient at the end of the reporting period (July 1-June 30) or at the end of the project, whichever comes first.

1. Subrecipient Name and Address:		2. County HCD Contract No.	3. Dollar Amount of County Contract	
		4. Contact Person:	5. Phone: (include area code)	
		6. Reporting Period:	7. Date Report Submitted:	
8. Program funding source:	9. Project Name:			10. HUD No.
11. Person Completing Form: (if different from 4 above)			12. Phone: (if different from 5. above)	

Summary of Contractors/Subcontractors:

Prime Contractor/ Subcontractor Name	Contract Dollar Amount	Contracting Period	Section 3 Report Required? (yes/no)	Section 3 Report Attached? (yes/no)	Section 3 Report Previously Submitted (date)
TOTAL:					

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SECTION 3: PROJECT SUMMARY REPORT

To be completed by the Subrecipient at the end of the reporting period (July 1-June 30) or at the end of the project, whichever comes first

1. Subrecipient Name and Address:		2. County HCD Contract No.	3. Dollar Amount of Contract
		4. Contact Person:	5. Phone: (include area code)
		6. Reporting Period:	7. Date Report Submitted:
8. Program Code*	9. Project Name:		10. HUD No.
11. Person Completing Form: (if different from 4 above)			12. Phone: (if different from 5. above)

Part I: Employment and Training (Include New Hires in columns E & F)**

A Job Category	B Number of New Hires	C Number of New Hires that are Sec. 3 Residents	D % of Aggregate Number of Staff Hours of new Hires that are Sec. 3 Residents	E** % of Total Staff Hours for Section 3 Employees and Trainees	F Number of Section 3 Employees and Trainees
Professionals					
Technicians					
Office/Clerical					
Construction by Trade (List)					
Trade:					
Trade:					
Trade:					
Trade:					
Trade:					
Trade:					
Other (List)					
Total:					

*Program Codes
1 = Flexible Subsidy
2 = Section 202/811

3 = Public/ Indian Housing
A = Development
B = Operation
C = Modernization

4 = Homeless Assistance
5 = HOME
6 = HOME - State Administered
7 = CDBG- Entitlement

8 = CDBG- State Administered
9 = Other CD Programs
10 = Other Housing Programs

Section 3 Project Summary Report continued:

Part II: Contracts Awarded

3. Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$
B. Total dollar amount of contracts awarded to Section 3 businesses	\$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
D. Total number of Section 3 businesses receiving contracts	

4. Non-Construction Contracts:

A. Total dollar amount of all non-construction contracts awarded on the project	\$
B. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
D. Total number of Section 3 businesses non-construction receiving contracts	

Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

_____ Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contacts with the community organizations and public or private agencies operating within the metropolitan area (or non-metropolitan county) in which the Section 3 covered program or project is located, or similar methods.

_____ Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

_____ Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

_____ Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.

_____ Other; describe below.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u., mandates that the Department ensure that employment and other economic opportunities generated by its housing and community development assistance program are directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. The regulations are found in 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as a self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Section 3 Project Summary Report continued:

Instructions: This form is to be used to report annual accomplishments regarding employment and other economic opportunities provided to low- and very low-income persons under Section 3 of the Housing and Urban Development Act of 1968. The Section 3 regulations apply to any **public and Indian Housing programs** that receive: (1) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937 and to **recipients of housing and community development assistance in excess of \$200,000** expended for: (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (2) housing construction; or (3) other public construction projects; and to **contracts and subcontracts in excess of \$100,000** awarded in connection with the Section-3-covered activity.

The form has three parts which are to be completed for all programs covered by Section 3. Part I relates to **employment and training**. The contractor/recipient has the option to determine numerical employment/training goals either on the basis of the number of hours worked by new hires (columns B, D, E and F) or the number of new hires utilized on the Section 3 covered project (columns B, C and F). Part II of the form relates to **contracting**, and Part III summarizes recipients' efforts to comply with Section 3.

Recipients or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low- and very low-income persons.* **The report must include accomplishments of all recipients and their Section 3 covered contractors and subcontractors.**

1. Project Subrecipient: Enter the name and address of the project subrecipient submitting this report.
2. County HCD Contract No.: Enter the number that appears on the award. The number may be a contract number or a work authorization number if another County Department.
3. Dollar Amount of Award: Enter the dollar amount, rounded to the nearest dollar, received by the subrecipient.
- 4 & 5. Contact Person/Phone: Enter the name and telephone number of the person with knowledge of the award and the subrecipient's implementation of Section 3.
6. Reporting Period: Indicate the time period (months and year) this report covers.
7. Date Report Submitted: Enter the appropriate date.
8. Program Code: Enter the appropriate program code as listed at the bottom of the page.
9. Project Name: Enter the name of County SD HCD Project.
10. HUD No.: Enter the HUD number assigned to the Project.
11. & 12. Person Completing Form: Enter the name and telephone number of the person completing the form if different from 4. & 5. above.

The terms "low-income persons" and "very low-income persons" have the same meanings given the terms in Section 3(b)(2) of the United States Housing Act of 1937. **Low-income persons** mean families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings such that variations are necessary because of prevailing levels of construction costs or unusually high- or low-income families. **Very low-income persons** mean low-income families (including single persons) whose incomes do not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Part I: Employment and Training Opportunities

Column A: Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e., supervisors, architects, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of "Other" includes occupations such as service workers.

Column B: Enter the number of new hires for each category of workers identified in **Column A** in connection with this award. New Hire refers to a person who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3-covered award or at the time of receipt of Section 3 covered assistance.

Column C: Enter the number of Section 3 new hires for each category of workers identified in **Column A** in connection with this award. Section 3 new hire refers to a Section 3 resident who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3-covered award or at the time of receipt of Section 3 covered assistance.

Column D: Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this award.

Column E: Enter the percentage of the total staff hours worked for Section 3 employees and trainees (including new hires) connected with this award. Include staff hours for part-time and full-time positions.

Column F: Enter the number of Section 3 residents that were employed and trained in connection with this award.

Part II: Contract Opportunities**Block 1: Construction Contracts**

Item A: Enter the total dollar amount of all contracts awarded on the project/program.

Item B: Enter the total dollar amount of contracts connected with this project/program that were awarded to Section 3 businesses.

Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.

Item D: Enter the number of Section 3 businesses receiving awards.

Block 2: Non-Construction Contracts

Item A: Enter the total dollar amount of all contracts awarded on the project/program.

Item B: Enter the total dollar amount of contracts connected with this project awarded to Section 3 businesses.

Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.

Item D: Enter the number of Section 3 businesses receiving awards.

Part III: Summary of Efforts - Self-explanatory

APPENDIX ONE

Section 3 Contract Clauses:

These clauses should be included in any contract awarded for Section 3 covered projects administered by the Subrecipient:

- (1) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- (2) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- (3) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining contract or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- (4) The contractor shall include the Section 3 clauses in every subcontract subject to compliance with regulations in 24 CFR part 135, and shall take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- (5) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- (6) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- (7) With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

APPENDIX TWO

Section 3 Questions and Answers

Section 3 Jobs for Residents:

Providing job training, economic opportunities, and self-sufficiency to businesses and residents of neighborhoods receiving U.S. Department of Housing and Urban Development (HUD) funding for housing and community development.

What is Section 3?

It is a means by which HUD fosters local economic development, neighborhood economic improvement, and individual self-sufficiency.

Section 3 is the legal basis for providing jobs for residents and awarding contracts to businesses in areas receiving certain types of HUD financial assistance.

Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is given for housing or community development, to the greatest extent feasible, economic opportunities will be given to residents and businesses in that area.

Section 3 Policy

Congress established the Section 3 policy to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very low income persons, particularly those who are recipients of government assistance for housing.

Who are Section 3 residents?

Residents of public housing and low-income persons who live in the area in which a HUD-assisted project is located.

What is a Section 3 business?

A business that:

- ◆ Is owned by Section 3 residents or
- ◆ Employs Section 3 residents in full-time positions or
- ◆ Subcontracts with businesses which provide economic opportunities to low income persons.

What types of economic opportunities are available under Section 3? Examples include:

Administrative/ Management		
Accounting	Payroll	Research
Bookkeeping	Purchasing	Word processing
Services		
Appliance repair	Floral	Marketing
Carpet installation	Janitorial	Photography
Catering	Landscaping	Printing
Computer/information	Manufacturing	Transportation
Construction		
Architecture	Bricklaying	Cement/masonry
Demolition	Drywall	Electrical
Elevator construction	Carpentry	Engineering
Fencing	Heating	Ironworks
Machine operation	Painting	Plastering
Plumbing	Surveying	Tile setting

Who will award the economic opportunities?

Recipients of HUD financial assistance and their contractors and subcontractors are required to provide economic opportunities to the greatest extent feasible, consistent with existing Federal, State, and local laws and regulations.

Who receives priority under Section 3?

For training and employment:

- ◆ Persons in public and assisted housing
- ◆ Persons in the neighborhood
- ◆ Participants in HUD Youthbuild programs
- ◆ Homeless persons.

For contracting:

- ◆ Businesses which fit the definition of a Section 3 business.

How can businesses find Section 3 residents to work for them?

Business can recruit in the neighborhood and public housing developments to tell residents about available training and job opportunities. Distributing flyers, posting signs, placing ads, and contacting resident organizations and local community development and employment agencies to find potential workers are effective ways of getting jobs and people together.

How can businesses and low-income persons find out more about Section 3?

Contact the Fair Housing and Equal Opportunity representative at your nearest HUD Field Office.

What kinds of economic opportunities?

- ◆ Job training
- ◆ Employment
- ◆ Contracts

What if it appears an entity is not complying with Section 3?

There is a complaint process. Section 3 residents and business concerns may file complaints if they think a violation of Section 3 requirements has occurred where a HUD-funded project is planned or underway. Complaints will be investigated; if appropriate, voluntary resolutions will be sought. A complaint that cannot be resolved voluntarily can result in an administrative hearing.

Will HUD require compliance?

Yes. HUD investigates complaints and monitors the performance of recipients and contractors. HUD examines employment and contract records for evidence of actions taken to train and employ Section 3 residents and to award contracts to Section 3 businesses.

How can Section 3 businesses or residents complain about a violation of Section 3 requirements?

They can file a complaint in writing to the local HUD Field Office or to:

The Assistant Secretary for Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.,
Room 5100
Washington, D.C. 20410-2000

A written complaint should contain:

- ◆ Name and address of the person filing the complaint
- ◆ Name and address of subject of complaint (HUD recipient or contractor)
- ◆ Description of acts or omissions in alleged violation of Section 3
- ◆ Statement of corrective action sought

NOTICE TO ALL EMPLOYEES

WORKING ON FEDERALLY FUNDED PROJECTS

SECTION 3 COMPLIANCE

Section 3 is a statutory provision that targets economic opportunities flowing from U.S. Department of Housing and Urban Development (HUD) assisted projects, to lower income residents and businesses in areas where HUD is "investing" public funds. This legislation stipulates that participants in HUD's assistance programs - recipients and contractors - are required to make good faith efforts to provide "to the greatest extent feasible", employment, training and contracting opportunities, to Section 3 residents and business concerns.

If you have questions about Section 3 regulations, call the County of San Diego Department of Housing and Community Development at #694-4817.